

**MEDI-CAL  
NOVEMBER 2006  
LOCAL ASSISTANCE ESTIMATE  
for  
FISCAL YEARS  
2006-07 and 2007-08**

**MANAGEMENT  
SUMMARY**

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## November 2006 Medi-Cal Estimate

### Current Year (FY 2006-07) Projected Expenditures Compared to the Appropriation (Dollars in Millions)

Total Medi-Cal local assistance expenditures in the Department of Health Services (DHS) budget in the Current Year as compared to the Appropriation are as follows:

| <b>Medical<br/>Care Services</b> | <b>Appropriation</b> | <b>Nov 2006<br/>Estimate</b> | <b>Change</b>    |                |
|----------------------------------|----------------------|------------------------------|------------------|----------------|
|                                  |                      |                              | <b>Amount</b>    | <b>Percent</b> |
| Total Funds                      | \$32,396.3           | \$32,617.0                   | \$220.7          | 0.7%           |
| Federal Funds                    | \$18,721.0           | \$18,911.0                   | \$190.0          | 1.0%           |
| <b>General Fund</b>              | <b>\$12,971.9</b>    | <b>\$12,827.8</b>            | <b>(\$144.1)</b> | <b>-1.1%</b>   |
| Other Non-Federal Funds          | \$703.4              | \$878.2                      | \$174.8          | 24.9%          |

| <b>County<br/>Administration</b> | <b>Appropriation</b> | <b>Nov 2006<br/>Estimate</b> | <b>Change</b> |                |
|----------------------------------|----------------------|------------------------------|---------------|----------------|
|                                  |                      |                              | <b>Amount</b> | <b>Percent</b> |
| Total Funds                      | \$2,348.3            | \$2,570.9                    | \$222.6       | 9.5%           |
| Federal Funds                    | \$1,636.8            | \$1,850.8                    | \$214.0       | 13.1%          |
| <b>General Fund</b>              | <b>\$711.5</b>       | <b>\$720.2</b>               | <b>\$8.7</b>  | <b>1.2%</b>    |
| Other Non-Federal Funds          | \$0.0                | (\$0.1)                      | (\$0.1)       | -              |

| <b>Fiscal<br/>Intermediary</b> | <b>Appropriation</b> | <b>Nov 2006<br/>Estimate</b> | <b>Change</b> |                |
|--------------------------------|----------------------|------------------------------|---------------|----------------|
|                                |                      |                              | <b>Amount</b> | <b>Percent</b> |
| Total Funds                    | \$310.3              | \$300.0                      | (\$10.3)      | -3.3%          |
| Federal Funds                  | \$216.7              | \$199.0                      | (\$17.7)      | -8.2%          |
| <b>General Fund</b>            | <b>\$93.6</b>        | <b>\$101.0</b>               | <b>\$7.4</b>  | <b>7.9%</b>    |
| Other Non-Federal Funds        | \$0.0                | \$0.0                        | \$0.0         | -              |

| <b>Total<br/>Expenditures</b> | <b>Appropriation</b> | <b>Nov 2006<br/>Estimate</b> | <b>Change</b>    |                |
|-------------------------------|----------------------|------------------------------|------------------|----------------|
|                               |                      |                              | <b>Amount</b>    | <b>Percent</b> |
| Total Funds                   | \$35,054.9           | \$35,487.9                   | \$433.0          | 1.2%           |
| Federal Funds                 | \$20,574.5           | \$20,960.8                   | \$386.3          | 1.9%           |
| <b>General Fund</b>           | <b>\$13,777.0</b>    | <b>\$13,649.0</b>            | <b>(\$128.0)</b> | <b>-0.9%</b>   |
| Other Non-Federal Funds       | \$703.4              | \$878.1                      | \$174.7          | 24.8%          |

Note: Totals may not add due to rounding.

12/29/2006

The Medi-Cal General Fund (GF) 2006-07 surplus compared to the 2006-07 Budget Appropriation, is further explained as follows (dollars in millions):

|   |            |
|---|------------|
| 2006-07 Budget Appropriation                | \$13,777.0 |
| November 2006 Estimate                      | \$13,649.0 |
| November Estimate Compared to Appropriation | -\$128.0   |

*Medical Care Services:*

*Regular Policy Changes:*

|       |  |       |
|-------|--|-------|
| PC 15 | New Qualified Aliens                         | -11.4 |
| PC 17 | Adult Day Health Care                        | -27.7 |
| PC 20 | Conlan v. Bontá                              | -9.1  |
| PC 21 | Human Papillomavirus Vaccine                 | 1.9   |
| PC 34 | SCHIP Funding for Prenatal Care              | -17.9 |
| PC 46 | Family PACT Drug Rebates                     | -6.4  |
| PC 47 | State Supplemental Drug Rebates              | -7.8  |
| PC 76 | Hospital Financing – Private DSH Replacement | -32.4 |
| PC 89 | Hospital Financing – DPH Rate Reconciliation | 34.7  |

*Base Policy Changes:*

|        |                                       |       |
|--------|---------------------------------------|-------|
| PC 100 | Medicare Payments                     | -48.0 |
| PC 101 | Medicare Payments – Part D Phase-Down | -16.1 |

*County Administration:* 8.6

*Fiscal Intermediary:* 7.4

*All Other Changes:* -3.8

*Net General Fund Change:* -128.0

The following paragraphs briefly describe each of the above items:

1. PC 15 New Qualified Aliens: The Personal Responsibility and Work Opportunity and Reconciliation Act of 1996 specified that federal funds are only available for emergency services for nonexempt qualified aliens during the first five years they are in the country. California law requires that legal immigrants receive the same services as citizens; therefore, full-scope services are provided to new nonexempt qualified aliens and the amount of federal funding claimed for the cost of

non-emergency services is reimbursed to the federal government. The amount of funding that will be returned to the federal government for non-emergency services is expected to be \$11.4 million GF less in 2006-07 than anticipated in the 2006-07 Appropriation. The cost of non-emergency services for new qualified aliens is expected to increase by \$15.6 million in 2007-08, resulting in an increase in the repayment to the federal government in 2007-08 of \$7.8 million.

2. PC 17 Adult Day Health Care: 2006-07 costs for Adult Day Health Care (ADHC), a community based program providing health, therapeutic and social services designed to service those at risk of being placed in a nursing home, are expected to be \$27.7 million GF less than budgeted in the 2006-07 Appropriation due to the continuation of the moratorium on adding new facilities to the program and the work the Department is doing to identify and close ADHC facilities that are not providing care or billing appropriately. Costs in 2007-08 are expected to increase by \$8.0 million GF due to rate increases and increased users of service in current facilities.
3. PC 20 Conlan v. Bontá: In *Conlan, Schwarzmer and Stevens v. Bontá*, the court ordered the Department to develop a plan through which Medi-Cal beneficiaries who are unable to get reimbursement from providers for out-of-pocket medical expenses that should be covered by Medi-Cal can receive direct reimbursement from the Medi-Cal Program. Reimbursements under this plan, which applies to services paid in the three months prior to application for Medi-Cal, while Medi-Cal eligibility was being determined and for other health coverage copayments, are expected to begin in March 2007. This is a delay from the October 2006 start of reimbursements assumed in the May 2006 Estimate, resulting in a savings in 2006-07 of \$9.1 million GF, compared to the 2006-07 Appropriation. Benefit costs in 2007-08 are expected to be \$22.4 million GF, an increase of \$17.5 million from 2006-07.
4. PC 21 Human Papillomavirus Vaccine: Effective January 1, 2007 Medi-Cal is covering the new FDA approved vaccine to prevent the human papillomavirus, strains of which have been identified as the cause of cervical cancer. The vaccine will be covered for females age 9 through 18 years of age by the federal Vaccines for Children program. The cost for the three dose vaccine for women ages 19 through 26 is expected to be \$1.9 million GF in 2006-07 and increase by \$3.7 million to \$5.6 million GF in 2007-08.
5. PC 34 SCHIP Funding for Prenatal Care: In order to maximize revenues, a State Plan Amendment (SPA) was filed in the State Children's Health Insurance Program (SCHIP) to claim 65% federal funding for prenatal care provided to women currently ineligible for federal funding for this care. The SPA was filed on June 30, 2005, which allowed SCHIP funding to be claimed in 2005-06 for both 2004-05 and 2005-06 and on an ongoing basis. Savings in 2006-07 are expected to be \$112.1 million GF, \$17.9 million GF greater than anticipated in the Appropriation. This increase in savings is due to the fact that federal funding for costs paid in May and June 2006 was not claimed in 2005-06 and will, therefore, be claimed in 2006-07. Claiming in

2007-08 is expected to be for 12 months, resulting in a reduction in claiming compared to 2006-07 of \$14.9 million.

6. PC 46 Family PACT Rebates and PC 47 State Supplemental Drug Rebates: The Department continues in its efforts to maximize the drug rebates it collects. In 2006-07, the rebates are expected to be \$14.2 million GF higher than anticipated in the 2006-07 Appropriation (\$7.8 million GF higher in state supplemental rebates and \$6.4 million GF in Family PACT rebates). In 2007-08 these rebates are expected to increase in relation to the increase in pharmacy costs. Total Family PACT rebates are expected to be \$13.2 million GF in 2007-08; state supplemental rebates are expected to be \$189.8 million GF.
7. Hospital Financing: SB 1100 (Chapter 560, Statutes of 2005) implemented the provisions of the Medi-Cal Hospital /Uninsured Care Demonstration (MH/UCD), approved in September 2005. Under SB 1100 and the waiver, the process for funding hospital costs and using intergovernmental transfers (IGTs) to draw down federal funding for uncompensated inpatient care has been significantly changed. Most of the provisions of the bill were implemented in 2005-06. The following policy changes reflect significant changes in costs for 2006-07 from those anticipated in the 2006-07 Appropriation:
  - a. PC 76 Hospital Financing – Private Hospital DSH Replacement: Title XIX federal funding and GF are budgeted to provide private hospitals with replacement funding for the funding previously provided through the Disproportionate Share Hospital (DSH) Program. This funding is \$32.4 million GF less in 2006-07 than budgeted in the 2006-07 Appropriation due to shifting payments from 2006-07 to later years. In 2007-08, the GF is expected to be reduced by an additional \$6.9 million.
  - b. PC 89 Hospital Financing – DPH Rate Reconciliation: The shift of funding for designated public hospitals (DPH) in the Medi-Cal budget from 50% GF/50% Title XIX federal funding to 100% federal funding based on certified public expenditures resulted in some hospitals receiving additional federal funding and others needing to reimburse the Department for their costs in excess of the allowable federal funding. Due to the fact that the federal government had required that physician and non-physician professional services be deleted from the hospital claiming and funded under a separate SPA, the Department has specified that the repayments are not due until the Physician SPA is approved in 2006-07. The amount the Department expects to receive in repayments in 2006-07 is \$30.5 million GF, \$34.7 million GF less than the \$65.2 million anticipated in the Appropriation. The reduction in expected repayments is based on the latest actual data; at the time of the 2006-07 Appropriation only estimates were available. All repayments are expected to occur by June 2007,

resulting in a cost of \$30.5 million GF in 2007-08 when costs for 2007-08 are compared to 2006-07.

8. Base PC 100 Medicare Payments: The Medi-Cal Program expects to pay Medicare Part A inpatient premiums for 144,343 average monthly Medi-Cal beneficiaries in 2006-07 and Part B outpatient premiums for 1,085,391. The costs for the premiums are expected to be \$48 million GF less in 2006-07 than anticipated in the 2006-07 Appropriation due to a 2% reduction in the number of beneficiaries for whom Part A premiums are paid, a 1% reduction in the beneficiaries for whom Part B premiums are paid and lower premiums for 2007 than anticipated. Costs are expected to increase by \$87.1 million GF in 2007-08 due to an increase in premiums in January 2007 of \$17 for Part A and \$5 for Part B, expected premium increases in January 2008 of \$18 for Part A and \$5.30 for Part B, as well as growth in the number of persons covered.
9. Base PC 101 Medicare Payments – Part D Phased-Down Contribution The Medicare Part D drug benefit included in the Medicare Modernization Act (MMA) was implemented in January 2006. Medi-Cal discontinued coverage of all drugs for Medi-Cal/Medicare dual eligibles that are covered under Part D. The MMA requires states to contribute part of the savings obtained from no longer covering most drugs for dual eligibles. The initial payment for this “clawback” is 90% of the savings as identified under federal formula, which is reduced each year until it reaches 75% on an ongoing basis. Clawback payments are expected to be \$1.217 billion GF in 2007-08, \$16.1 million less than budgeted in the Appropriation. In 2007-08, the clawback is expected to be reduced by \$23.3 million as California’s share of the costs continues to reduce toward 75%.
10. County Administration: County Administration costs are expected to increase by \$8.6 million GF in 2006-07 compared to the Appropriation, mainly due to increased costs for CalWORKs applications and eligible growth. In 2007-08, costs are expected to increase by \$42.5 million GF, mainly due to eligible growth and the expected increase in the counties’ costs for determining Medi-Cal eligibility.
11. Fiscal Intermediary: Costs for the fiscal intermediary are expected to be \$7.4 million GF higher in 2006-07 than assumed in the Appropriation with no change in 2007-08.
12. All Other: All other changes amount to a decrease of \$3.8 million compared to the 2006-07 Appropriation. These changes include the net impact of all other changes not listed above.

Note: Charts showing the change from the Appropriation to Current Year and Current Year to Budget Year for all of the Policy Changes can be found under the Current Year, Budget Year, Base Policy Changes, County Administration, and Other Administration tabs.

## November 2006 Medi-Cal Estimate

### Budget Year (FY 2007-08) Projected Expenditures Compared to Current Year (FY 2006-07) (Dollars in Millions)

Total Medi-Cal local assistance expenditures in the Department of Health Services (DHS) budget in the Budget Year as compared to the Current Year are as follows:

| <b>Medical<br/>Care Services</b> | <b>FY 2006-07<br/>Estimate</b> | <b>FY 2007-08<br/>Estimate</b> | <b>Change</b>  |                |
|----------------------------------|--------------------------------|--------------------------------|----------------|----------------|
|                                  |                                |                                | <b>Amount</b>  | <b>Percent</b> |
| Total Funds                      | \$32,617.0                     | \$34,652.3                     | \$2,035.3      | 6.2%           |
| Federal Funds                    | \$18,911.0                     | \$19,994.3                     | \$1,083.3      | 5.7%           |
| <b>General Fund</b>              | <b>\$12,827.8</b>              | <b>\$13,765.1</b>              | <b>\$937.3</b> | <b>7.3%</b>    |
| Other Non-Federal Funds          | \$878.2                        | \$892.9                        | \$14.7         | 1.7%           |

| <b>County<br/>Administration</b> | <b>FY 2006-07<br/>Estimate</b> | <b>FY 2007-08<br/>Estimate</b> | <b>Change</b> |                |
|----------------------------------|--------------------------------|--------------------------------|---------------|----------------|
|                                  |                                |                                | <b>Amount</b> | <b>Percent</b> |
| Total Funds                      | \$2,570.9                      | \$2,436.1                      | (\$134.8)     | -5.2%          |
| Federal Funds                    | \$1,850.8                      | \$1,673.4                      | (\$177.4)     | -9.6%          |
| <b>General Fund</b>              | <b>\$720.2</b>                 | <b>\$762.7</b>                 | <b>\$42.5</b> | <b>5.9%</b>    |
| Other Non-Federal Funds          | (\$0.1)                        | \$0.1                          | \$0.2         | -              |

| <b>Fiscal<br/>Intermediary</b> | <b>FY 2006-07<br/>Estimate</b> | <b>FY 2007-08<br/>Estimate</b> | <b>Change</b> |                |
|--------------------------------|--------------------------------|--------------------------------|---------------|----------------|
|                                |                                |                                | <b>Amount</b> | <b>Percent</b> |
| Total Funds                    | \$300.0                        | \$313.7                        | \$13.7        | 4.6%           |
| Federal Funds                  | \$199.0                        | \$212.7                        | \$13.7        | 6.9%           |
| <b>General Fund</b>            | <b>\$101.0</b>                 | <b>\$101.0</b>                 | <b>\$0.0</b>  | <b>0.0%</b>    |
| Other Non-Federal Funds        | \$0.0                          | \$0.1                          | \$0.1         | -              |

| <b>Total<br/>Expenditures</b> | <b>FY 2006-07<br/>Estimate</b> | <b>FY 2007-08<br/>Estimate</b> | <b>Change</b>  |                |
|-------------------------------|--------------------------------|--------------------------------|----------------|----------------|
|                               |                                |                                | <b>Amount</b>  | <b>Percent</b> |
| Total Funds                   | \$35,487.9                     | \$37,402.1                     | \$1,914.2      | 5.4%           |
| Federal Funds                 | \$20,960.8                     | \$21,880.5                     | \$919.7        | 4.4%           |
| <b>General Fund</b>           | <b>\$13,649.0</b>              | <b>\$14,628.8</b>              | <b>\$979.8</b> | <b>7.2%</b>    |
| Other Non-Federal Funds       | \$878.1                        | \$893.1                        | \$15.0         | 1.7%           |

Note: Totals may not add due to rounding.

12/29/2006

The Medi-Cal General Fund costs in the 2007-08 Budget Year as changed from the 2006-07 Current Year are further explained as follows (dollars in millions):

|                                |            |
|--------------------------------|------------|
| 2006-07                        | \$13,649.0 |
| 2007-08                        | \$14,628.8 |
| Difference 2006-07 to 2007-08: | \$979.8    |

*Medical Care Services:*

*Regular Policy Changes:*

|       |  |       |
|-------|--|-------|
| PC 3  | Redetermination Form Simplification          | 18.7  |
| PC 11 | SB 437 – Self-Certification                  | 10.3  |
| PC 15 | New Qualified Aliens                         | 7.8   |
| PC 17 | Adult Day Health Care                        | 8.0   |
| PC 20 | Conlan v. Bontá                              | 17.5  |
| PC 21 | Human Papillomavirus Vaccine                 | 3.7   |
| PC 34 | SCHIP Funding for Prenatal Care              | 14.9  |
| PC 36 | Adult Day Health Care Reforms                | -2.5  |
| PC 41 | Drug Reimbursement Reduction                 | -44.0 |
| PC 55 | Restoration of Provider Payment Decrease     | 33.3  |
| PC 65 | SNF Rate Changes and QA Fee                  | 96.5  |
| PC 66 | LTC Rate Adjustment                          | 34.2  |
| PC 72 | NF A/B Waiver Cap Increase                   | 4.6   |
| PC 73 | NF-B 2007-08 Rate Cap Adjustment             | -14.4 |
| PC 76 | Hospital Financing – Private DSH Replacement | -6.9  |
| PC 85 | Hospital Financing – Stabilization Funding   | 69.0  |
| PC 89 | Hospital Financing – DPH Rate Reconciliation | 30.5  |

*Base Policy Changes:*

|        |                                       |       |
|--------|---------------------------------------|-------|
| PC 49  | Two Plan Model                        | 30.4  |
| PC 50  | County Organized Health Systems       | 10.3  |
| PC 53  | Senior Care Action Network            | 32.6  |
| PC 54  | PACE                                  | 7.1   |
| PC 100 | Medicare Payments                     | 87.1  |
| PC 101 | Medicare Payments – Part D Phase-Down | -23.3 |
| PC 104 | Dental Services                       | 26.5  |

*Fee-For-Service Base:* 465.0

*County Administration:* 42.5



|                                |                |
|--------------------------------|----------------|
| <i>Fiscal Intermediary:</i>    | 0.0            |
| <i>All Other Changes:</i>      | 20.4           |
| <i>Net General Fund Change</i> | <b>\$979.8</b> |

The following paragraphs briefly describe the items above that were not discussed under 2006-07:

1. PC 3 Redetermination Form Simplification: The Medi-Cal annual redetermination form has been revised to make it shorter and more user-friendly. The number of beneficiaries that complete the annual redetermination is expected to increase by 2% due to the simpler form. The costs will phase-in and are expected to be \$36.9 million GF in 2007-08, \$18.7 million GF higher than in 2006-07.
2. PC 11 SB 437 – Self-Certification: SB 437 (Chapter 328, Statutes of 2006) establishes a two year pilot project to be implemented in two counties with 10% of the Medi-Cal beneficiaries to allow self-certification of income and assets during the Medi-Cal application and redetermination processes. The pilot is to determine if self-certification can increase enrollment in Medi-Cal while protecting the integrity of the program. The pilot project is to begin in July 2007 and is expected to cost \$10.3 million GF in 2007-08.
3. PC 36 Adult Day Health Care Reforms: In 2007-08 the first component of the ADHC reforms authorized by AB 1755 (Chapter 691, Statutes of 2006) will be implemented. This reform will tighten the medical criteria used to determine which persons are eligible to receive ADHC services. The savings in 2007-08 is expected to be \$2.5 million GF. Annually, tightening medical criteria is expected to save \$15.2 million GF.
4. PC 41 Drug Reimbursement Reduction: The federal Deficit Reduction Act (DRA) of 2005 requires that the average manufacturer price (AMP) for drugs be used to determine the federal upper limit (FUL) for drug reimbursement. Changing the reimbursement structure for drugs to AMP effective August 1, 2007 is expected result in 2007-08 savings of \$44 million GF.
5. PC 55 Restoration of Provider Payment Decrease: AB 1762 (Chapter 230, Statutes of 2003) required the Department to reduce payments to specified providers by 5%. This resulted in a 2% reduction in managed care rates. Under the provisions of the bill, the reduction ended on December 31, 2006. Managed care plan rates are being redetermined to incorporate the restoration of the reduction. The cost in 2007-08 is expected to be \$66.4 million GF, \$33.3 million GF higher than the cost budgeted for 2006-07.

6. PC 65 SNF Rate Changes and QA Fee (AB 1629)/ PC 73 NF-B 2007-08 Rate Cap Adjustment: AB 1629 (Chapter 875, Statutes of 2004) provides for a cost of living increase, the establishment of a facility specific rate methodology, and the imposition of a quality assurance (QA) fee for freestanding skilled nursing facilities (SNFs), including adult sub-acute days. The required SPAs were approved in September 2005. The cost of living increase was implemented in October 2005, retroactive to August 2004; a 3% QA fee was implemented in December 2005 retroactive to August 2004; the revised rate methodology and a 6% QA fee were implemented in April 2006, retroactive to August 1, 2005. The 2006-07 rate increase, capped at 5%, was implemented in October 2006, retroactive to August 2006. In 2007-08, the bill requires a rate increase capped at 5.5%. As a result of these increases, costs for the AB 1629 SNF rate changes are expected to increase by \$96.5 million GF in 2007-08, as shown in Policy Change 65. However, the Department is proposing legislation to cap the allowable rate increases at 4.5% for the rate year beginning August 1, 2007. The lower cap is expected to reduce costs by \$14.4 million GF in 2007-08, as reflected in Policy Change 73.
7. PC 66 LTC Rate Adjustments: The Medi-Cal State Plan requires that long-term care (LTC) rates be adjusted each year. With the passage of AB 1629, discussed earlier under Policy Change 65, this requirement now applies only to level A nursing facilities, hospital distinct-part level B nursing facilities, rural swing beds, hospital distinct part sub-acute beds; pediatric sub-acute beds and intermediate care facilities for the developmentally disabled (ICF-DD). The rate increase effective August 2006 for ICF-DDs is 2.02%; for all others it is 7.86%, resulting in an annual cost of \$63.7 million GF. The estimated rate increase for ICF-DDs for August 2007 is 3.01%; for all others it is 8.93%, resulting in an annual cost of \$64.3 million GF. As a result of these increases, costs in 2007-08 are expected to be \$34.2 million GF greater than in 2006-07. The rate increases are also applied to the LTC components of managed care and PACE, SCAN and OnLok; costs for their rate changes are included in the applicable managed care policy changes.
8. PC 72 NF A/B Waiver Cap Increase: In response to the increased cost of nursing level care and enactment of nursing facility rate increases, the Department will increase the annual individual waiver services limit for beneficiaries in the NF A/B Level of Care Waiver effective July 1, 2007, from \$24,551 to \$29,548 for beneficiaries needing care at the level provided by Nursing Facility Level As, and from \$35,948 to \$48,180 for beneficiaries needing Nursing Facility Level B care. These increases will allow beneficiaries to absorb recent increases in In-Home Supportive Services and Waiver Personal Care Services rates so they may continue to receive safe and appropriate home care in lieu of long-term institutional placement. The cost of this increase for both current and expected waiver enrollees is estimated to be \$4.6 million GF in 2007-08.

9. PC 85 Hospital Financing – Stabilization Funding: Stabilization funding provided to non-DPHs, private hospitals and distressed hospitals under the provisions of SB 1100 for uncompensated Medi-Cal costs is comprised of GF made available from federalizing four state only programs, any additional GF needed and Medicaid federal funding. \$69 million GF is expected to be needed for each year to cover costs for 2005-06 and 2006-07. Payment for both years is expected to occur in 2007-08, resulting in a cost in that year of \$69 million GF.
10. Base PC 49 Two Plan Model; Base PC 50 County Organized Health Systems: Two Plan Model and County Organized Health System (COHS) managed care plans are expected to experience growth in enrollees in 2007-08 which will result in increased managed care base costs of \$30.4 million GF for the twelve Two Plan Model counties and \$10.3 million GF for the eight COHS counties.
11. Base PC 53 Senior Care Action Network: The Senior Care Action Network (SCAN) plans in Los Angeles, San Bernardino and Riverside Counties provide services on a capitated basis for persons with both Medicare and Medi-Cal coverage who become certified for SNF or ICF level of care. The beneficiaries enrolled receive medical, social and case management services. Costs in 2007-08 are expected to increase by \$32.6 million GF due to significant growth in the number of beneficiaries enrolled as a result of the outreach programs instituted by the plans beginning in January 2006.
12. Base PC 54 PACE: Enrollment in the Program of All-Inclusive Care for the Elderly (PACE) is expected to increase by 19% from 2006-07 to 2007-08. The costs for this program, which provides all medical, home and community-based and long-term care services to Medi-Cal/Medicare dual eligibles certified to be in need of skilled nursing or intermediate care facility level of care, are expected to increase by \$7.1 million GF in 2007-08.
13. Base PC 104 Dental Services: Costs for dental services provided through Delta Dental are expected to increase by \$26.5 million GF from 2006-06 to 2007-08 due to an increase in the number of Medi-Cal beneficiaries that will be provided services under the contract. The rate beginning in August 2005 is \$8.52 per person for all Medi-Cal beneficiaries except Refugees, who have a rate of \$34.99. 2006-07 rates are currently being negotiated with Delta Dental.
14. Fee-For-Service Base: The fee-for-service base costs are expected to increase by \$465.0 million GF from 2006-07 to 2007-08. This increase is driven mainly by projected increases in Pharmacy, Inpatient and Other Medical, where the largest cost is for Federally Qualified Health Centers. The expected increase in Pharmacy costs is equally due to increased users, number of prescriptions and rates. Base Inpatient costs and Other Medical costs are expected to increase mainly due to increased users and rates. There are also cost increases for the other categories of

service which are of less significance. The fee-for-service base cost increase can be seen across all aid categories except LTC.

15. All Other: All other changes amount to an increase of \$20.4 million GF compared to 2006-07. These changes include the net impact of all other changes not listed above.

#### IV. General Information

This estimate is based on actual payment data through August 2006. Estimates for both fiscal years are on a cash basis.

Costs payable with special refugee funds are identified as a distinct federal fund item as are federal funds for Capital Debt reimbursements. Intergovernmental transfer funds, voluntary governmental transfer funds and General Funds for Capital Debt reimbursement are included as state funds but are separately identified in the Funding Summary. Healthy Families (Title XXI) costs incurred by the Department are included in the Estimate and separately identified in the Funding Summary.

The Miscellaneous Non-Fee-For-Service Category includes expenditures for Home and Community Based Services -- DDS, Case Management Services -- DDS, Personal Care Services, HIPP premiums, Medicare HMO Premiums, Targeted Case Management, and the Medicaid Demonstration Project.

The estimate aggregates expenditures for four sub-categories under a single Managed Care heading. These sub-categories are Two Plan Model, County Organized Health Systems, Geographic Managed Care and PHP/Other Managed Care. The latter includes PCCMs, PACE, SCAN, Prepaid Health Plans, Family Mosaic and Dental Managed Care.

Should a projected deficiency exist, Section 14157.6 of the Welfare and Institutions Codes authorizes appropriation, subject to 30-day notification to the Legislature, of any federal or county funds received for expenditures in prior years. At this time, no prior year General Funds have been identified to be included in the above estimates as abatements against current year costs.

## Range Estimate

There is considerable uncertainty associated with projecting Medi-Cal expenditures for medical care services, which vary according to the number of persons eligible for Medi-Cal, the number and type of services these people receive, and the cost of providing these services. Additional uncertainty is created by monthly fluctuations in claims processing, federal audit exceptions, and uncertainties in the implementation dates for policy changes which often require approval of federal waivers or state plan amendments, changes in regulations, and in some cases, changes in the adjudication process at the fiscal intermediary.

The changes in payments to skilled nursing facilities as a result of AB 1629, the impact of implementation of Medicare Part D drug benefits on drug costs and rebates, and the changes in payments to hospitals as the result of SB 1100 and the Medi-Cal Hospital/Uninsured Care Demonstration Waiver are major sources of uncertainty. The changes required by the federal Deficit Reduction Act will also add additional uncertainty to the estimating process beginning in 2006-07.

It is assumed that expenditures may vary normally by four percent from the mid-range projection. It is believed this is consistent with the accuracy observed in most large economic regression models. The Estimate includes two months of current year data; hence, a 3.3% variation is assumed for the current year and 4.0% for the budget year. DSH, VGT and Capital Debt payments are excluded from this calculation.

| Total Uncertainty<br>(Dollars in Thousands) |     |                     |               |                     |               |
|---|-----|---------------------|---------------|---------------------|---------------|
|   |     | <u>FY 2006-2007</u> |               | <u>FY 2007-2008</u> |               |
|   |     | Total               | State Funds   | Total               | State Funds   |
| Normal Variation                            | +/- | \$1,076,361         | +/- \$452,298 | +/- \$1,386,092     | +/- \$586,320 |

**Medi-Cal Funding Summary**  
**November 2006 Estimate Compared to Appropriation**  
**Fiscal Year 2006-2007**

**TOTAL FUNDS**

|   | <b><u>Total</u></b><br><b><u>Appropriation</u></b> | <b><u>November 2006</u></b><br><b><u>Estimate</u></b> | <b><u>Difference</u></b><br><b><u>Incr./ (Decr.)</u></b> |
|---|--|---|--|
| <b><u>MEDI-CAL Benefits:</u></b>            |  |   |  |
| 4260-101-0001/0890(3)                       | \$30,036,449,000                                   | \$29,863,008,000                                      | (\$173,441,000)  |
| 4260-101-0080 (CLPP Funds)                  | \$130,000  | \$172,000   | \$42,000   |
| 4260-101-0232 Prop. 99 Hospital Svcs. Acct. | \$18,000,000                                       | \$18,000,000  | \$0  |
| 4260-101-0236 Prop. 99 Unallocated Account  | \$18,784,000                                       | \$18,784,000  | \$0  |
| 4260-102-0001/0890 Capital Debt             | \$101,012,000                                      | \$133,691,000   | \$32,679,000   |
| 4260-103-0890 Refugee                       | \$5,424,000  | \$4,742,000   | (\$682,000)  |
| 4260-113-0001/0890 (Healthy Families)       | \$422,563,000                                      | \$488,144,000   | \$65,581,000   |
| 4260-601-0942142 Local Trauma Centers       | \$12,000,000                                       | \$32,500,000  | \$20,500,000   |
| 4260-601-3096 NDPH Supplemental Fund        | \$1,909,000  | \$1,999,000   | \$90,000   |
| 4260-601-3097 Private Hospital Supp. Fund   | \$123,371,000                                      | \$159,348,000   | \$35,977,000   |
| 4260-601-7502 Demonstration DSH Fund        | \$276,310,000                                      | \$454,902,000   | \$178,592,000  |
| 4260-601-7503 Health Care Support Fund      | \$730,345,000                                      | \$674,048,000   | (\$56,297,000)   |
| 4260-601-8033 Distressed Hospital Fund      | \$26,840,000                                       | \$28,848,000  | \$2,008,000  |
| 4260-606-0834 MIPA Fund                     | \$586,068,000                                      | \$576,915,000   | (\$9,153,000)  |
| 4260-610-0995 Reimbursements                | \$37,095,000                                       | \$161,898,000   | \$124,803,000  |
| <b>TOTAL MEDI-CAL Benefits</b>              | <b>\$32,396,300,000</b>                            | <b>\$32,616,999,000</b>                               | <b>\$220,699,000</b>                                     |
| <b>=====</b>                                |  |   |  |
| <b><u>COUNTY ADMINISTRATION:</u></b>        |  |   |  |
| 4260-101-0001/0890(1)                       | \$2,327,927,000                                    | \$2,547,213,000                                       | \$219,286,000  |
| 4260-113-0001/0890 (Healthy Families)       | \$14,881,000                                       | \$16,601,000  | \$1,720,000  |
| 4260-117-0001/0890 (HIPAA)                  | \$5,540,000  | \$7,118,000   | \$1,578,000  |
| 4260-610-0995 (Reimbursements)              | \$0  | \$0   | \$0  |
| <b>TOTAL COUNTY ADMIN.</b>                  | <b>\$2,348,348,000</b>                             | <b>\$2,570,932,000</b>                                | <b>\$222,584,000</b>                                     |
| <b>=====</b>                                |  |   |  |
| <b><u>FISCAL INTERMEDIARY:</u></b>          |  |   |  |
| 4260-101-0001/0890 (2)                      | \$268,025,000                                      | \$255,414,000   | (\$12,611,000)   |
| 4260-103-0890 Refugee                       | \$77,000   | \$74,000  | (\$3,000)  |
| 4260-113-0001/0890 (Healthy Families)       | \$188,000  | \$258,000   | \$70,000   |
| 4260-117-0001/0890 (HIPAA)                  | \$41,984,000                                       | \$44,261,000  | \$2,277,000  |
| 4260-610-0995 (Reimbursements)              | \$0  | \$0   | \$0  |
| <b>TOTAL FISCAL INTERMEDIARY</b>            | <b>\$310,274,000</b>                               | <b>\$300,007,000</b>                                  | <b>(\$10,267,000)</b>                                    |
| <b>=====</b>                                |  |   |  |
| <b>GRAND TOTAL - ALL FUNDS</b>              | <b>\$35,054,922,000</b>                            | <b>\$35,487,938,000</b>                               | <b>\$433,016,000</b>                                     |
| <b>=====</b>                                |  |   |  |

Note: Proposition 99 funding is from the Cigarette and Tobacco Products Surtax Fund accounts as shown above.

**Medi-Cal Funding Summary**  
**November 2006 Estimate Compared to Appropriation**  
**Fiscal Year 2006-2007**

**STATE FUNDS**

|   | <u>State Funds<br/>Appropriation</u> | <u>November 2006<br/>Estimate</u> | <u>Difference<br/>Incr./Decr.</u> |
|---|--------------------------------------|-----------------------------------|-----------------------------------|
| <b><u>MEDI-CAL Benefits:</u></b>                          |                                      |                                   |                                   |
| 4260-101-0001(3) *  | \$12,639,052,000                     | \$12,466,568,000                  | (\$172,484,000)                   |
| 4260-101-0080 (CLPP Funds)                                | \$130,000                            | \$172,000                         | \$42,000                          |
| 4260-101-0232 Prop. 99 Hospital Svcs. Acct.               | \$18,000,000                         | \$18,000,000                      | \$0                               |
| 4260-101-0236 Prop. 99 Unallocated Account                | \$18,784,000                         | \$18,784,000                      | \$0                               |
| 4260-102-0001 Capital Debt *                              | \$50,506,000                         | \$66,846,000                      | \$16,340,000                      |
| 4260-113-0001 (Healthy Families) *                        | \$161,550,000                        | \$174,124,000                     | \$12,574,000                      |
| 4260-601-0942142 Local Trauma Centers                     | \$12,000,000                         | \$32,500,000                      | \$20,500,000                      |
| 4260-601-3096 Non-Desig. Public Hosp. Supp. Fund (GF) *   | \$1,909,000                          | \$1,900,000                       | (\$9,000)                         |
| 4260-601-3096 Non-Desig. Public Hosp. Supp. Fund (Non-GF) | \$0                                  | \$99,000                          | \$99,000                          |
| 4260-601-3097 Private Hosp. Supplemental Fund (GF) *      | \$118,871,000                        | \$118,400,000                     | (\$471,000)                       |
| 4260-601-3097 Private Hosp. Supplemental Fund (Non-GF)    | \$4,500,000                          | \$40,948,000                      | \$36,448,000                      |
| 4260-601-8033 Distressed Hospital Fund                    | \$26,840,000                         | \$28,848,000                      | \$2,008,000                       |
| 4260-606-0834 MIPA Fund (SB 855 DSH)                      | \$0                                  | \$1,105,000                       | \$1,105,000                       |
| 4260-606-0834 MIPA Fund (SB 1100 DSH)                     | \$586,068,000                        | \$575,810,000                     | (\$10,258,000)                    |
| 4260-610-0995 Reimbursements                              | \$37,095,000                         | \$161,898,000                     | \$124,803,000                     |
|   | =====                                | =====                             | =====                             |
| <b>TOTAL MEDI-CAL Benefits</b>                            | <b>\$13,675,305,000</b>              | <b>\$13,706,002,000</b>           | <b>\$30,697,000</b>               |
| <b>Total Benefits General Fund *</b>                      | <b>\$12,971,888,000</b>              | <b>\$12,827,838,000</b>           | <b>(\$144,050,000)</b>            |
|   | =====                                | =====                             | =====                             |
| <b><u>COUNTY ADMINISTRATION:</u></b>                      |                                      |                                   |                                   |
| 4260-101-0001(1) *  | \$705,930,000                        | \$714,761,000                     | \$8,831,000                       |
| 4260-113-0001 (Healthy Families) *                        | \$4,643,000                          | \$4,396,000                       | (\$247,000)                       |
| 4260-117-0001 (HIPAA) *                                   | \$945,000                            | \$1,007,000                       | \$62,000                          |
| 4260-610-0995 (Reimbursements)                            | \$0                                  | \$0                               | \$0                               |
|   | =====                                | =====                             | =====                             |
| <b>TOTAL COUNTY ADMIN.</b>                                | <b>\$711,518,000</b>                 | <b>\$720,164,000</b>              | <b>\$8,646,000</b>                |
| <b>Total Co. Admin. General Fund *</b>                    | <b>\$711,518,000</b>                 | <b>\$720,164,000</b>              | <b>\$8,646,000</b>                |
|   | =====                                | =====                             | =====                             |
| <b><u>FISCAL INTERMEDIARY:</u></b>                        |                                      |                                   |                                   |
| 4260-101-0001(2) *  | \$87,589,000                         | \$94,063,000                      | \$6,474,000                       |
| 4260-113-0001 (Healthy Families) *                        | \$94,000                             | \$129,000                         | \$35,000                          |
| 4260-117-0001 (HIPAA) *                                   | \$5,884,000                          | \$6,768,000                       | \$884,000                         |
| 4260-610-0995 (Reimbursements)                            | \$0                                  | \$0                               | \$0                               |
|   | =====                                | =====                             | =====                             |
| <b>TOTAL FISCAL INTERMEDIARY</b>                          | <b>\$93,567,000</b>                  | <b>\$100,960,000</b>              | <b>\$7,393,000</b>                |
| <b>Total FI General Fund *</b>                            | <b>\$93,567,000</b>                  | <b>\$100,960,000</b>              | <b>\$7,393,000</b>                |
|   | =====                                | =====                             | =====                             |
| <b>GRAND TOTAL - STATE FUNDS</b>                          | <b>\$14,480,390,000</b>              | <b>\$14,527,126,000</b>           | <b>\$46,736,000</b>               |
| <b>Grand Total - General Fund *</b>                       | <b>\$13,776,973,000</b>              | <b>\$13,648,962,000</b>           | <b>(\$128,011,000)</b>            |
|   | =====                                | =====                             | =====                             |

Note: Proposition 99 funding is from the Cigarette and Tobacco Products Surtax Fund accounts as shown above.



**Medi-Cal Funding Summary**  
**November 2006 Estimate Compared to Appropriation**  
**Fiscal Year 2006-2007**

**FEDERAL FUNDS**

|  | <b><u>Federal Funds<br/>Appropriation</u></b> | <b><u>November 2006<br/>Estimate</u></b> | <b><u>Difference<br/>Incr./Decr.</u></b> |
|--|---|--|--|
| <b><u>MEDI-CAL Benefits:</u></b>         |   |  |  |
| 4260-101-0890(3)                         | \$17,397,397,000                              | \$17,396,440,000                         | (\$957,000)                              |
| 4260-102-0890 Capital Debt               | \$50,506,000                                  | \$66,845,000                             | \$16,339,000                             |
| 4260-103-0890 Refugee                    | \$5,424,000                                   | \$4,742,000                              | (\$682,000)                              |
| 4260-113-0890 (Healthy Families)         | \$261,013,000                                 | \$314,020,000                            | \$53,007,000                             |
| 4260-601-7502 Demonstration DSH Fund     | \$276,310,000                                 | \$454,902,000                            | \$178,592,000                            |
| 4260-601-7503 Health Care Support Fund   | \$730,345,000                                 | \$674,048,000                            | (\$56,297,000)                           |
|  | =====   | =====                                    | =====                                    |
| <b>TOTAL MEDI-CAL Benefits</b>           | <b>\$18,720,995,000</b>                       | <b>\$18,910,997,000</b>                  | <b>\$190,002,000</b>                     |
|  | =====   | =====                                    | =====                                    |
| <br><b><u>COUNTY ADMINISTRATION:</u></b> |   |  |  |
| 4260-101-0890(1)                         | \$1,621,997,000                               | \$1,832,452,000                          | \$210,455,000                            |
| 4260-113-0890 (Healthy Families)         | \$10,238,000                                  | \$12,205,000                             | \$1,967,000                              |
| 4260-117-0890 (HIPAA)                    | \$4,595,000                                   | \$6,111,000                              | \$1,516,000                              |
|  | =====   | =====                                    | =====                                    |
| <b>TOTAL COUNTY ADMIN.</b>               | <b>\$1,636,830,000</b>                        | <b>\$1,850,768,000</b>                   | <b>\$213,938,000</b>                     |
|  | =====   | =====                                    | =====                                    |
| <br><b><u>FISCAL INTERMEDIARY:</u></b>   |   |  |  |
| 4260-101-0890(2)                         | \$180,436,000                                 | \$161,351,000                            | (\$19,085,000)                           |
| 4260-103-0890 Refugee                    | \$77,000                                      | \$74,000                                 | (\$3,000)                                |
| 4260-113-0890 (Healthy Families)         | \$94,000                                      | \$129,000                                | \$35,000                                 |
| 4260-117-0890 (HIPAA)                    | \$36,100,000                                  | \$37,493,000                             | \$1,393,000                              |
|  | =====   | =====                                    | =====                                    |
| <b>TOTAL FISCAL INTERMEDIARY</b>         | <b>\$216,707,000</b>                          | <b>\$199,047,000</b>                     | <b>(\$17,660,000)</b>                    |
|  | =====   | =====                                    | =====                                    |
| <br><b>GRAND TOTAL - FEDERAL FUNDS</b>   | <b>\$20,574,532,000</b>                       | <b>\$20,960,812,000</b>                  | <b>\$386,280,000</b>                     |
|  | =====   | =====                                    | =====                                    |

**Medi-Cal Funding Summary**  
**November 2006 Estimate Comparison of FY 2006-07 to FY 2007-08**

**TOTAL FUNDS**

|   | <b><u>FY 2006-07</u></b><br><b><u>Estimate</u></b> | <b><u>FY 2007-08</u></b><br><b><u>Estimate</u></b> | <b><u>Difference</u></b><br><b><u>Incr./Decr.</u></b> |
|---|--|--|---|
| <b><u>MEDI-CAL Benefits:</u></b>            |  |  |   |
| 4260-101-0001/0890(3)                       | \$29,863,008,000                                   | \$31,875,238,000                                   | \$2,012,230,000                                       |
| 4260-101-0080 (CLPP Funds)                  | \$172,000  | \$172,000  | \$0   |
| 4260-101-0232 Prop. 99 Hospital Svcs. Acct. | \$18,000,000                                       | \$18,000,000                                       | \$0   |
| 4260-101-0236 Prop. 99 Unallocated Account  | \$18,784,000                                       | \$18,784,000                                       | \$0   |
| 4260-102-0001/0890 Capital Debt             | \$133,691,000                                      | \$104,872,000                                      | (\$28,819,000)  |
| 4260-103-0890 Refugee                       | \$4,742,000  | \$4,756,000  | \$14,000  |
| 4260-113-0001/0890 (Healthy Families)       | \$488,144,000                                      | \$459,818,000                                      | (\$28,326,000)  |
| 4260-601-0942142 Local Trauma Centers       | \$32,500,000                                       | \$22,000,000                                       | (\$10,500,000)  |
| 4260-601-3096 NDPH Supplemental Fund        | \$1,999,000  | \$1,949,000  | (\$50,000)  |
| 4260-601-3097 Private Hospital Supp. Fund   | \$159,348,000                                      | \$146,468,000                                      | (\$12,880,000)  |
| 4260-601-7502 Demonstration DSH Fund        | \$454,902,000                                      | \$452,855,000                                      | (\$2,047,000)   |
| 4260-601-7503 Health Care Support Fund      | \$674,048,000                                      | \$741,584,000                                      | \$67,536,000  |
| 4260-601-8033 Distressed Hospital Fund      | \$28,848,000                                       | \$14,606,000                                       | (\$14,242,000)  |
| 4260-606-0834 MIPA Fund                     | \$576,915,000                                      | \$579,726,000                                      | \$2,811,000   |
| 4260-610-0995 Reimbursements                | \$161,898,000                                      | \$211,483,000                                      | \$49,585,000  |
| <b>TOTAL MEDI-CAL Benefits</b>              | <b>\$32,616,999,000</b>                            | <b>\$34,652,311,000</b>                            | <b>\$2,035,312,000</b>                                |
| <b><u>COUNTY ADMINISTRATION:</u></b>        |  |  |   |
| 4260-101-0001/0890(1)                       | \$2,547,213,000                                    | \$2,410,944,000                                    | (\$136,269,000)                                       |
| 4260-113-0001/0890 (Healthy Families)       | \$16,601,000                                       | \$19,336,000                                       | \$2,735,000   |
| 4260-117-0001/0890 (HIPAA)                  | \$7,118,000  | \$5,851,000  | (\$1,267,000)   |
| 4260-610-0995 (Reimbursements)              | \$0  | \$0  | \$0   |
| <b>TOTAL COUNTY ADMIN.</b>                  | <b>\$2,570,932,000</b>                             | <b>\$2,436,131,000</b>                             | <b>(\$134,801,000)</b>                                |
| <b><u>FISCAL INTERMEDIARY:</u></b>          |  |  |   |
| 4260-101-0001/0890(2)                       | \$255,414,000                                      | \$267,148,000                                      | \$11,734,000  |
| 4260-103-0890 Refugee                       | \$74,000   | \$78,000   | \$4,000   |
| 4260-113-0001/0890 (Healthy Families)       | \$258,000  | \$268,000  | \$10,000  |
| 4260-117-0001/0890 (HIPAA)                  | \$44,261,000                                       | \$46,197,000                                       | \$1,936,000   |
| 4260-610-0995 (Reimbursements)              | \$0  | \$0  | \$0   |
| <b>TOTAL FISCAL INTERMEDIARY</b>            | <b>\$300,007,000</b>                               | <b>\$313,691,000</b>                               | <b>\$13,684,000</b>                                   |
| <b>GRAND TOTAL - ALL FUNDS</b>              | <b>\$35,487,938,000</b>                            | <b>\$37,402,133,000</b>                            | <b>\$1,914,195,000</b>                                |

Notes: Proposition 99 funding is from the Cigarette and Tobacco Products Surtax Fund accounts as shown above.

**Medi-Cal Funding Summary**  
**November 2006 Estimate Comparison of FY 2006-07 to FY 2007-08**

**STATE FUNDS**

|   | <b>FY 2006-07<br/><u>Estimate</u></b> | <b>FY 2007-08<br/><u>Estimate</u></b> | <b>Difference<br/><u>Incr./(Decr.)</u></b> |
|---|---------------------------------------|---------------------------------------|--|
| <b><u>MEDI-CAL Benefits:</u></b>                          |                                       |                                       |  |
| 4260-101-0001(3) *  | \$12,466,568,000                      | \$13,422,997,000                      | \$956,429,000                              |
| 4260-101-0080 (CLPP Funds)                                | \$172,000                             | \$172,000                             | \$0  |
| 4260-101-0232 Prop. 99 Hospital Svcs. Acct.               | \$18,000,000                          | \$18,000,000                          | \$0  |
| 4260-101-0236 Prop. 99 Unallocated Account                | \$18,784,000                          | \$18,784,000                          | \$0  |
| 4260-102-0001 Capital Debt *                              | \$66,846,000                          | \$52,436,000                          | (\$14,410,000)                             |
| 4260-113-0001 (Healthy Families) *                        | \$174,124,000                         | \$169,390,000                         | (\$4,734,000)                              |
| 4260-601-0942142 Local Trauma Centers                     | \$32,500,000                          | \$22,000,000                          | (\$10,500,000)                             |
| 4260-601-3096 Non-Desig. Public Hosp. Supp. Fund (GF) *   | \$1,900,000                           | \$1,900,000                           | \$0  |
| 4260-601-3096 Non-Desig. Public Hosp. Supp. Fund (Non-GF) | \$99,000                              | \$49,000                              | (\$50,000)                                 |
| 4260-601-3097 Private Hosp. Supplemental Fund (GF) *      | \$118,400,000                         | \$118,400,000                         | \$0  |
| 4260-601-3097 Private Hosp. Supplemental Fund (Non-GF)    | \$40,948,000                          | \$28,068,000                          | (\$12,880,000)                             |
| 4260-601-8033 Distressed Hospital Fund                    | \$28,848,000                          | \$14,606,000                          | (\$14,242,000)                             |
| 4260-606-0834 MIPA Fund (SB 855 DSH)                      | \$1,105,000                           | \$0                                   | (\$1,105,000)                              |
| 4260-606-0834 MIPA Fund (SB 1100 DSH)                     | \$575,810,000                         | \$579,726,000                         | \$3,916,000                                |
| 4260-610-0995 Reimbursements                              | \$161,898,000                         | \$211,483,000                         | \$49,585,000                               |
|   | =====                                 | =====                                 | =====                                      |
| <b>TOTAL MEDI-CAL Benefits</b>                            | <b>\$13,706,002,000</b>               | <b>\$14,658,011,000</b>               | <b>\$952,009,000</b>                       |
| <b>Total Benefits General Fund *</b>                      | <b>\$12,827,838,000</b>               | <b>\$13,765,123,000</b>               | <b>\$937,285,000</b>                       |
|   | =====                                 | =====                                 | =====                                      |
| <b><u>COUNTY ADMINISTRATION:</u></b>                      |                                       |                                       |  |
| 4260-101-0001(1) *  | \$714,761,000                         | \$755,749,000                         | \$40,988,000                               |
| 4260-113-0001 (Healthy Families) *                        | \$4,396,000                           | \$5,928,000                           | \$1,532,000                                |
| 4260-117-0001 (HIPAA) *                                   | \$1,007,000                           | \$1,007,000                           | \$0  |
| 4260-610-0995 (Reimbursements)                            | \$0                                   | \$0                                   | \$0  |
|   | =====                                 | =====                                 | =====                                      |
| <b>TOTAL COUNTY ADMIN.</b>                                | <b>\$720,164,000</b>                  | <b>\$762,684,000</b>                  | <b>\$42,520,000</b>                        |
| <b>Total Co. Admin. General Fund *</b>                    | <b>\$720,164,000</b>                  | <b>\$762,684,000</b>                  | <b>\$42,520,000</b>                        |
|   | =====                                 | =====                                 | =====                                      |
| <b><u>FISCAL INTERMEDIARY:</u></b>                        |                                       |                                       |  |
| 4260-101-0001(2) *  | \$94,063,000                          | \$93,367,000                          | (\$696,000)                                |
| 4260-113-0001 (Healthy Families) *                        | \$129,000                             | \$134,000                             | \$5,000                                    |
| 4260-117-0001 (HIPAA) *                                   | \$6,768,000                           | \$7,449,000                           | \$681,000                                  |
| 4260-610-0995 (Reimbursements)                            | \$0                                   | \$0                                   | \$0  |
|   | =====                                 | =====                                 | =====                                      |
| <b>TOTAL FISCAL INTERMEDIARY</b>                          | <b>\$100,960,000</b>                  | <b>\$100,950,000</b>                  | <b>(\$10,000)</b>                          |
| <b>Total FI General Fund *</b>                            | <b>\$100,960,000</b>                  | <b>\$100,950,000</b>                  | <b>(\$10,000)</b>                          |
|   | =====                                 | =====                                 | =====                                      |
| <b>GRAND TOTAL - STATE FUNDS</b>                          | <b>\$14,527,126,000</b>               | <b>\$15,521,645,000</b>               | <b>\$994,519,000</b>                       |
| <b>Grand Total General Fund *</b>                         | <b>\$13,648,962,000</b>               | <b>\$14,628,757,000</b>               | <b>\$979,795,000</b>                       |
|   | =====                                 | =====                                 | =====                                      |

Notes: Proposition 99 funding is from the Cigarette and Tobacco Products Surtax Fund accounts as shown above.

**Medi-Cal Funding Summary**  
**November 2006 Estimate Comparison of FY 2006-07 to FY 2007-08**

**FEDERAL FUNDS**

|  | <b><u>FY 2006-07</u></b><br><b><u>Estimate</u></b> | <b><u>FY 2007-08</u></b><br><b><u>Estimate</u></b> | <b><u>Difference</u></b><br><b><u>Incr./Decr.</u></b> |
|--|--|--|---|
| <b><u>MEDI-CAL Benefits:</u></b>       |  |  |   |
| 4260-101-0890(3)                       | \$17,396,440,000                                   | \$18,452,241,000                                   | \$1,055,801,000                                       |
| 4260-102-0890 Capital Debt             | \$66,845,000                                       | \$52,436,000                                       | (\$14,409,000)  |
| 4260-103-0890 Refugee                  | \$4,742,000  | \$4,756,000  | \$14,000  |
| 4260-113-0890 (Healthy Families)       | \$314,020,000                                      | \$290,428,000                                      | (\$23,592,000)  |
| 4260-601-7502 Demonstration DSH Fund   | \$454,902,000                                      | \$452,855,000                                      | (\$2,047,000)   |
| 4260-601-7503 Health Care Support Fund | \$674,048,000                                      | \$741,584,000                                      | \$67,536,000  |
|  | =====  | =====  | =====   |
| <b>TOTAL MEDI-CAL Benefits</b>         | <b>\$18,910,997,000</b>                            | <b>\$19,994,300,000</b>                            | <b>\$1,083,303,000</b>                                |
|  | =====  | =====  | =====   |
| <b><u>COUNTY ADMINISTRATION:</u></b>   |  |  |   |
| 4260-101-0890(1)                       | \$1,832,452,000                                    | \$1,655,195,000                                    | (\$177,257,000)                                       |
| 4260-113-0890 (Healthy Families)       | \$12,205,000                                       | \$13,408,000                                       | \$1,203,000   |
| 4260-117-890 (HIPAA)                   | \$6,111,000  | \$4,844,000  | (\$1,267,000)   |
|  | =====  | =====  | =====   |
| <b>TOTAL COUNTY ADMIN.</b>             | <b>\$1,850,768,000</b>                             | <b>\$1,673,447,000</b>                             | <b>(\$177,321,000)</b>                                |
|  | =====  | =====  | =====   |
| <b><u>FISCAL INTERMEDIARY:</u></b>     |  |  |   |
| 4260-101-0890(2)                       | \$161,351,000                                      | \$173,781,000                                      | \$12,430,000  |
| 4260-103-0890 Refugee                  | \$74,000   | \$78,000   | \$4,000   |
| 4260-113-0890 (Healthy Families)       | \$129,000  | \$134,000  | \$5,000   |
| 4260-117-0890 (HIPAA)                  | \$37,493,000                                       | \$38,748,000                                       | \$1,255,000   |
|  | =====  | =====  | =====   |
| <b>TOTAL FISCAL INTERMEDIARY</b>       | <b>\$199,047,000</b>                               | <b>\$212,741,000</b>                               | <b>\$13,694,000</b>                                   |
|  | =====  | =====  | =====   |
| <br><b>GRAND TOTAL - FEDERAL FUNDS</b> | <br><b>\$20,960,812,000</b>                        | <br><b>\$21,880,488,000</b>                        | <br><b>\$919,676,000</b>                              |
|  | =====  | =====  | =====   |